Weekly Economic Review

Job gains accelerate in March

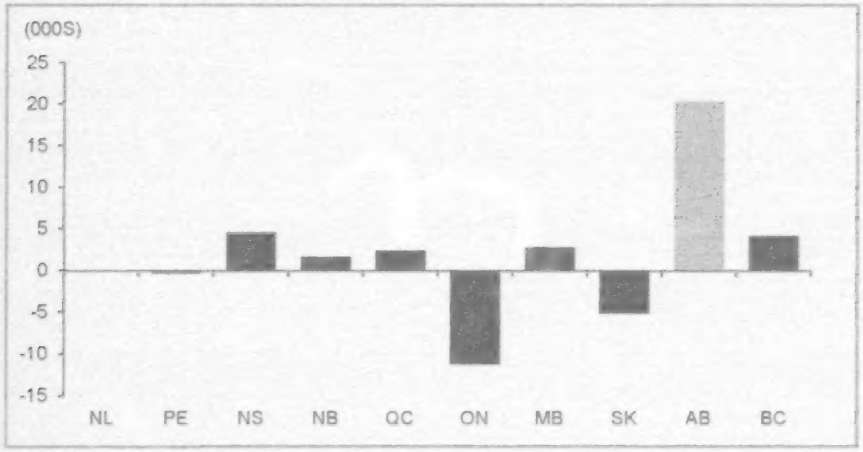
Employment

Employment increases at a solid pace

Alberta's labour market is gaining traction. Alberta added 20,400 jobs in March, the strongest monthly increase since February 2014 and the largest gain of any province (Chart 1). Gains occurred in full-time, private sector positions, although half of the monthly increase was in self-employment which tends to be volatile. On an industry basis, employment grew in both the goods (5,300) and service sector (15,100), led by gains in finance, insurance and real estate (7,100), trade (6,300) and manufacturing (5,000). With Alberta's economy turning a corner, more people are joining the labour force. The participation rate moved above 73% for the first time since late 2015, pushing the unemployment rate up slightly to 8.4%. On a year-over-year (y/y) basis, employment was virtually unchanged. Since the July 2016 low, employment has increased by 39,600.

Chart 1: Alberta leads the country in employment gains in March

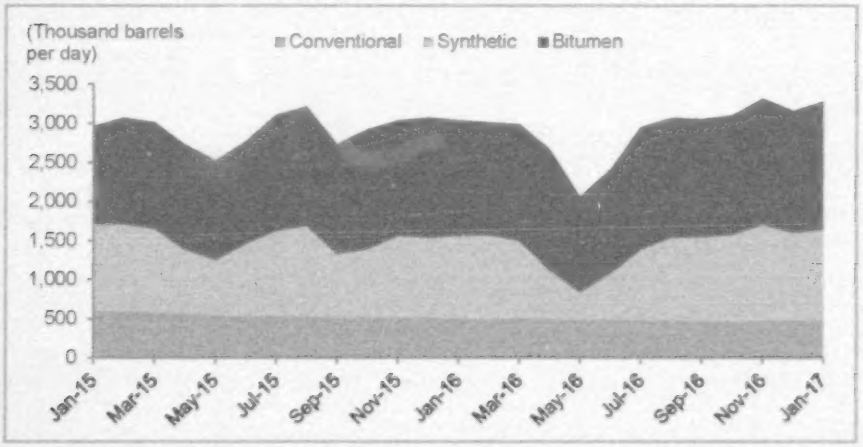
Month-over-month change in employment by province



Source: Statistics Canada

Chart 2: Higher conventional & non-conventional output lift oil production

Total Alberta crude oil production



Source: Alberta Energy Regulator

Supply and Disposition of Oil

Oil production picks up in January

After slipping slightly in December, Alberta oil production increased in January due to higher output of conventional and non-conventional oil (Chart 2). Alberta produced 3.3 million barrels of oil per day, up 3.6% month-over-month (m/m). Following declines in the last two years, conventional production is recovering along with higher drilling. It grew for the third consecutive month as gains in light and medium (+1.9% m/m) outweighed declines in heavy crude (-0.5% m/m) and condensate (-2.6% m/m). Non-conventional production also continued to grow on the back of higher synthetic (+2.6% m/m) and bitumen crude (+5.1% m/m). On a year-over-year basis, overall oil production was up 7.7%.

Railway Carloadings

Broad-based gains in shipments

Railcar shipments originating from Western Canada increased slightly in January and continued to grow year-over-year. Western Canada railway carloadings edged up 0.6% m/m to 157,063 in January due to gains in nearly all categories. In addition to higher shipments of energy products (+3.5% m/m), food (+6% m/m) and chemicals and fertilizers (+2.4% m/m)

also grew. Compared to the year prior, overall railcar shipments continued to increase (+10% y/y), led by chemicals and fertilizers (+26% y/y), agriculture and food (+13% y/y) and energy products (+10% y/y).

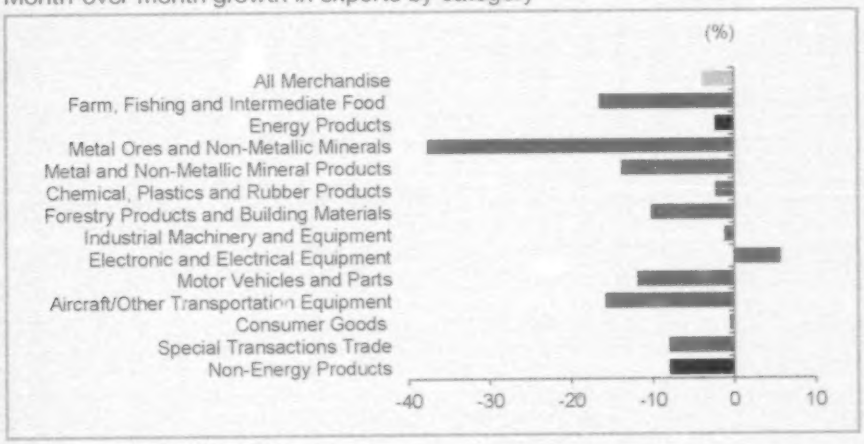
Merchandise Trade

Exports pare gains in February

Alberta exports slipped in February following continuous improvement in the past four months. Exports declined 3.9% m/m to $8 billion as both energy and non-energy exports fell. The largest decline was in non-energy exports, which were down 7.9% m/m, led by declines in farm, fishing and intermediate food (-17% m/m) and forestry products (-10% m/m) (Chart 3). The decline in forestry products was largely due to weaker demand for lumber and wood pellets. Exports of farm, fishing and intermediate food products fell back to normal levels following strong growth in canola exports in the past three months with the resolution of dispute between China and Canada. Energy exports retreated 2.4% m/m after reaching the highest level in two years in January. Overall exports remained significantly higher than last year's level (+37%). Higher volume and prices fueled the growth in energy exports (+60% y/y), while weakness in non-energy products moderated (-1.1% y/y).

Chart 3: Broad-based declines in non-energy exports

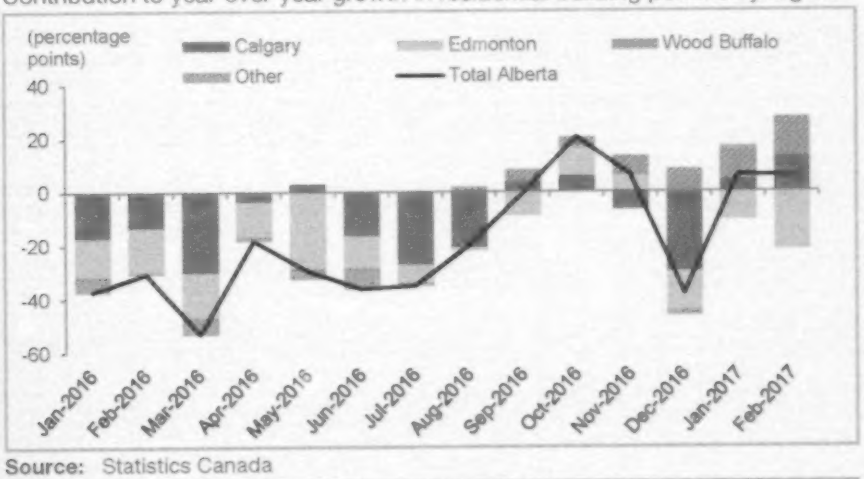
Month-over-month growth in exports by category



Source: Statistics Canada

Chart 4: Rebuilding in Fort McMurray supports growth in residential permits

Contribution to year-over-year growth in residential building permits by region



Source: Statistics Canada

Building Permits

Building permits remain weak

Alberta building permits gave back some of the gains incurred in January. Building permits fell by 8.2% m/m to $1.1 billion in February. Institutional and governmental permits decreased (-30% m/m), with most of the decline in Edmonton (-73% m/m). Industrial (-25% m/m) and commercial building permits (-13% m/m) were also down. Conversely, residential building permits rose for the second straight month (+4.9% m/m). On a year-over-year basis, overall building permits were down 22%, driven by a plunge in commercial structures (-60%). The drop mostly reflects base-year effects as commercial permits soared in February 2016 due to permits issued for the downtown Oilers hockey arena. Residential permits were up slightly from last year (+0.9%). The pace of growth in residential permits in Wood Buffalo has been picking up in the last three months, supported by rebuilding activity (Chart 4). Overall building permits remain weak as they were down 30% from the 2014 average.

Contact

Kathleen Macaspac 780.427.8841

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.